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Report Highlights:

Mid-Year Farm Cash Receipts At Nine Year Low * Lower Poultry Meat Production Is Forecast * Hot And Dry Weather Advances Saskatchewan Harvest To 38% * Manitoba Crop And Harvest Conditions * Fusarium Infection Falls To Lowest Level In Ten Years * Ontario Crop Conditions * BSE Crisis Prompts Alberta To Invest C\$15 Million In Livestock Disease And Food Safety Surveillance, Lab Facilities * Maine Blueberry Growers Look To International Marketing Body To Resolve Trade Concerns Over Canadian Berries

Includes PSD Changes: No
Includes Trade Matrix: No
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MID-YEAR FARM CASH RECEIPTS AT NINE YEAR LOW: Canadian farm cash receipts slipped to C\$16.7 billion in the first six months of 2003, down 1.2% from the same period a year ago, and the lowest mid-year measure in nine years. The decline would have been much more severe if not for the C\$2.0 billion farmers received from program payments, a 79.2% increase from the same period of 2002 and almost double the previous five-year average (1998 to 2002). The increase was the result of record payments through the crop insurance programs, following two consecutive years of drought for Prairie producers. According to Statistics Canada, crop receipts fell to C\$6.2 billion, down 8.5% from the first half of 2002 and reached their lowest level since 1994. This was 9.7% below the previous five-year average. Cattle receipts fell 20.6% to C\$2.8 billion in the first half of 2003, reflecting the market collapse as a result of the Bovine Spongiform Encephalopathy (BSE) situation. Only the impact from the first five weeks of Canada's BSE crisis is reflected in the data for the January-June period of 2003.

LOWER POULTRY MEAT PRODUCTION IS FORECAST: Present prospects point to lower Canadian production of chicken and turkey in 2003 from year ago levels. The effects of Sudden Acute Respiratory Syndrome (SARS), which dampened economic activity in the first half of the year, and the Bovine Spongiform Encephalopathy (BSE) situation, which increased domestic beef supplies, contributed to the national poultry meat agencies setting conservative production allocation levels, a development which is forecast to linger into 2004. Chicken production in the first six-months of 2003 was 2.3% less than during the same period a year ago. Canada is the second most important export market for U.S. poultry meat. In 2002, U.S. poultry meat exports to Canada reached a record \$267 million, accounting for almost 16% of total U.S. poultry meat exports to the world (Russia, 22%). In the first six months of 2003, the value of U.S. poultry meat exports to Canada is almost 10% above last year's pace. For more information on the latest developments in the Canadian poultry meat sector, see the Poultry Annual, CA3052.

HOT AND DRY WEATHER ADVANCES SASKATCHEWAN HARVEST TO 38%: Hot and dry weather conditions continue to advance the 2003 harvest. Saskatchewan farmers have now combined 38% of the 2003 crop, up from 13% last week and above the five-year (1998-2002) average of 18%, according to Saskatchewan Agriculture, Food, and Rural Revitalization's August 24 crop report. The southwestern portion of the province is furthest along in its harvest at 52%, closely followed by both the southeast and west central regions, which are at 41% and 42% respectively. Harvesting of fall-seeded crops is most advanced with 91% of the fall rye and 99% of the winter wheat combined. Field pea crops are 87% combined and lentils are at 78% combined. Insects and heat continue to be the main source of crop damage across the province. Strong winds were also reported to be blowing swaths and causing lodging in standing crops, making harvest difficult in some areas. Topsoil moisture conditions continue to deteriorate on crop and pasture/hay land. Cropland and pasture/hay land topsoil moisture are rated at very short levels by 76% and 85% of crop reporters respectively. Many livestock operators are providing feed to their cattle to supplement poor pastures.

MANITOBA CROP AND HARVEST CONDITIONS: According to Manitoba Agriculture, hot dry weather continued in Manitoba with daytime temperatures exceeding 30 degrees Celsius. Manitoba Weekly Crop Reports stated that cereal and pulse crops harvest has been 15-25% completed in the Southwest region with average yields. Canola yields are projected to be lower than average because the extreme heat has affected seed set and development. In the Northwest region approximately 20% of the spring wheat has been harvested with yields of 25-50 bushels per acre (bu/ac). In the Central region, 60-80% of the cereal crops have been harvested. Wheat yields are averaging 55 bu/ac with low fusarium levels. Winter wheat averaged 70-85 bu/ac, barley averaged 75-80 bu/ac and oats averaged 80-135 bu/ac. Cereal crop harvest in the Eastern region is 60-75% complete and canola is 80% swathed. Crop yields for spring wheat are 40-60 bu/ac, barley yields are 50-100 bu/as, oat yields are averaging 100 bu/ac and winter wheat yielded 50-85 bu/ac. In the Interlake region more than 50% of the cereal crops have been harvested and 60% of the canola has been swathed. Yields are normal in the southern portion of the region but 20-25% less in the northern portion. In the southern Interlake wheat yields were 35-60 bu/ac, barley 80 bu/ac, oats 100 bu/ac, canola 30 bu/ac and winter wheat 70 bu/ac. Hay and pasture conditions range from dry/extremely dry to unusable throughout the province. Some of the worst conditions exist in the northern Interlake where many livestock herds are being fed on pasture or are being moved to other regions. A sever shortage of winter feed supplies is expected

FUSARIUM INFECTION FALLS TO LOWEST LEVEL IN TEN YEARS: According to the August 20 edition of *Farmscape* Agriculture and Agri-Food Canada (AAFC) reports 2003 has seen the lowest levels of fusarium infection in the past decade. The strain that causes the greatest concern, fusarium graminearum, has become prevalent throughout much of Manitoba particularly the Red River Valley. However, Dr. Jeannie Gilbert, a plant pathologist with the cereal research center in Winnipeg, says very little of the fungus has been found this year in Manitoba. Gilbert said that in 2003, fusarium head blight has been lighter than any year since 1993, probably due to the fact that June was very dry. Gilbert reported that in general (Manitoba) wheat should be fairly clean and the barley should be fairly clean and the oats should all be fairly free of mycotoxins this year. Gilbert indicated that those fields that showed higher levels of fusarium infection were located in the Red River Valley and there were slightly higher levels in the area closer to the US border from Morden to Cartwright.

ONTARIO CROP CONDITIONS: According to the Ontario Ministry of Agriculture and Food (OMAF) August 27 *Field Crop Report*, soybeans are maturing quickly with many fields beginning to senesce. Significant rainfall in some areas has resulted in lush growth with tall bushy plants. Some beans have suffered from a lack of moisture but the crop generally looks good. The majority of soybeans are behind in maturity due to delays in planting this spring. Soybean aphid numbers have increased rapidly in south-western Ontario. Ontario cranberry and early varieties of white beans are turning color quickly, with harvest expected in ten days. Recent wet weather along with cooler nights and dews has provided the right conditions for the spread of white mould in white beans. Late-planting and a cool July has left a large part of the corn crop 5-10 days behind normal in development but plant health in most areas of the province is excellent with good pollination. The spring wheat harvest is 70% complete. Fusarium is a major concern in the crop. Many spring wheat fields are being downgraded to feed due to fusarium in western Ontario and late planted fields in the east. The early spring wheat crop in eastern Ontario is borderline, but generally below 1% fusarium. Protein levels are good, mostly above 12.5%. Yields range from 3.3-5 tonnes per hectare (50-75 bu/ac). Barley yields have been quite variable, from 2.7-4.8 t/ha (50-90 bu/ac). Fusarium is also a concern in barley. Oat yields have been good, from 3.1-4.2 t/ha (75-100 bu/ac). Ontario is looking at a record 2.0 million metric tonne winter wheat crop, with record acreage and yields, and is expected to be predominantly good quality.

BSE CRISIS PROMPTS ALBERTA TO INVEST C\$15 MILLION IN LIVESTOCK DISEASE AND FOOD SAFETY SURVEILLANCE, LAB FACILITIES: The province of Alberta has announced that it will invest C\$15 million in a new livestock testing facility, enhance surveillance programs and fund improvements to existing lab facilities to diagnose and test the presence of livestock diseases. The new laboratory will be in a level III bio-security building and will reportedly enable the province to respond more quickly to animal disease outbreaks. According to Alberta Agriculture, it will provide the capacity to deal with surges in sample numbers for testing, ensuring appropriate turnaround time for Transmissible Spongiform Encephalopathy tests. As well, improvements to already existing lab facilities will make it easier for Alberta to support the Canadian Food Inspection Agency's enhanced surveillance initiatives. In making the funding announcement Shirley McClellan, Minister of Agriculture, Food and Rural Development for Alberta said "We know that Albertans and our international trading partners must be confident in our testing and surveillance systems."

MAINE BLUEBERRY GROWERS LOOK TO INTERNATIONAL MARKETING BODY TO RESOLVE TRADE CONCERNS OVER CANADIAN BERRIES: In a press release this week, the Wild Blueberry Commission of Maine announced that it is setting aside its investigation on whether or not there is a basis for grower concerns of unfair trade practices regarding processed Wild Blueberries from Canada. Commission chairman Roy Allen of Allen's Blueberry Freezer in Ellsworth, Maine said that, "There was significant willingness on both sides of the border to resolve industry concerns without U.S. government action." Mr. Allen stated that there is a meeting of the Wild Blueberry Association of North America (WBANA) scheduled for October and that the agenda would include a discussion of trade issues. The WBANA is the international trade association of grower and processors of Wild Blueberries from Maine, Atlantic Canada and Quebec, formed in 1981, responsible for marketing and promotional activities. Its funding comes from Maine growers and processors through the Maine Wild Blueberry Commission and from Canadian growers and processors. In addition, there is also a North American Blueberry Council (NABC), a non-profit association representing cultivated blueberry growers and marketers in the United States and Canada. The NABC was established in 1965.

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